

country is to have voluntary compliance—that is, to have most people complying because they know they have a responsibility to do so. People will not voluntarily comply with a tax system that they think is unfair. It certainly is unfair to those working families in this country, who make \$25,000, \$35,000, \$55,000, \$75,000 a year and work hard and send their kids to school and pay their bills and stretch budgets to make ends meet, and at the end of the year they have to file a tax return and pay the Federal income taxes. It is not fair to them and it certainly erodes their confidence in this country and in the tax system to see some of the largest international corporations doing business in America saying, “We want all the advantages of being able to do that, except we don’t want to be a taxpayer.”

I say to those corporations, if you get in trouble, whose Navy are you going to ask for to bail you out? I know the answer and so do you. If you are going to do business here and make profits in this country, you have a responsibility to help pay for that Navy and the many other things we do in this country that make it a wonderful place in which to live.

I might just mention some of the ways in which these companies avoid paying taxes, just because some people might wonder how this happens. It happens through massive tax avoidance schemes called “transfer pricing.” A foreign corporation decides to do business in the United States. It sets up a wholly-owned subsidiary. It manufactures in a foreign country, ships it to this country, and then either overcharges or undercharges itself, depending on which way the product is going, in order to make sure there is no profit shown in this country from its activities in the United States. The result of gaming that system and preventing the tax collectors at the IRS from seeing what they really made is that they are able to cart off their profits from this country and avoid paying any taxes at all.

On April 15, tax day, every American ought to scream at the Congress and the tax collection agency to say that we ought to fix this and we ought to do it soon. How do we fix it? Well, it is interesting that even at a time when GAO is doing this report that shows we have massive tax avoidance through transfer pricing—even at this time, this problem is getting worse because Congress, at virtually every opportunity, the kind of folks who think about these things are slipping little things into bills every chance they get to make this problem worse. They just did it last fall in a revenue bill with a juicy little tax break worth a couple hundred million dollars. With no debate and no hearings, they just stuck it in the middle of that bill. It added to the proposition that more companies

will do business, make profits here and pay no taxes here. We have a responsibility to fix that.

So I appreciate the work the GAO has done. I intend to encourage them to keep doing this work to show us who is paying taxes and who isn’t. Guess what? The working American families are paying taxes. They don’t have any choice. They may not like it, but they understand the advantages of living in this country and what we must pay for for ourselves and our children—defense, schools, roads and more.

If the working families in this country voluntarily comply with this tax law—and they do—then I suggest it is time to ask some of the largest international corporations selling brand names that every single one of us knows to start doing the same thing.

I am going to bring a report to the floor in the coming days that talks about transfer pricing in ways that everybody will understand. I will talk about corporations selling to themselves radial tires for \$2,570 and a tooth brush for \$172. Why would companies sell a tooth brush for \$172 to themselves? So they can soak profits in one direction or another and prevent the Federal Government in this country from taxing their profits. There are massive schemes of tax avoidance. How about a piano for \$50? Sound good? I am going to talk about the kind of tax avoidance schemes that goes on as a result of this transfer pricing, which results, by the way, in this kind of study, which says, in conclusion, the largest international corporations in this country—yes, domestic corporations doing business overseas and foreign corporations doing business here are involved in massive tax avoidance. We have a responsibility to the American people to stop it. This is not rocket science. It is simply standing up to the largest economic interests, to say to them you have the same responsibility in this country as individual taxpayers.

You have the same responsibility in this country as the average working family has, and that is, you do business here, you profit from this system, you have a responsibility to contribute, to pay taxes. When you do not do it, we ought to change the law and certainly improve enforcement and make sure you do do it, because that is the fair way to make sure a tax system works for everybody.

Mr. President, with that I will be back on a succeeding day to talk more about transfer pricing. But I wanted to bring to the attention of my colleagues and others the GAO report that is released today that describes what I think is a rather dismal conclusion about massive tax avoidance by some of the largest taxpayers in the world, doing business in this country, making substantial profits, and avoiding the responsibility of paying their fair share of Federal income taxes.

Mr. President, I yield the floor.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, April 13, 1999, the Federal debt stood at \$5,666,223,263,670.85 (Five trillion, six hundred sixty-six billion, two hundred twenty-three million, two hundred sixty-three thousand, six hundred seventy dollars and eighty-five cents).

One year ago, April 13, 1998, the Federal debt stood at \$5,545,139,000,000 (Five trillion, five hundred forty-five billion, one hundred thirty-nine million).

Five years ago, April 13, 1994, the Federal debt stood at \$4,567,992,000,000 (Four trillion, five hundred sixty-seven billion, nine hundred ninety-two million).

Ten years ago, April 13, 1989, the Federal debt stood at \$2,771,862,000,000 (Two trillion, seven hundred seventy-one billion, eight hundred sixty-two million).

Fifteen years ago, April 13, 1984, the Federal debt stood at \$1,486,811,000,000 (One trillion, four hundred eighty-six billion, eight hundred eleven million) which reflects a debt increase of more than \$4 trillion—\$4,179,412,263,670.85 (Four trillion, one hundred seventy-nine billion, four hundred twelve million, two hundred sixty-three thousand, six hundred seventy dollars and eighty-five cents) during the past 15 years.

TRIBUTE TO ELIZABETH K. BUNCH

Mr. STEVENS. Mr. President, tomorrow, April 15, marks the last day of Senate service for Elizabeth K. Bunch. I have known Betty since 1987, when she worked as a professional staff member for me when I was on the Rules Committee and was ranking member. I thank her, on behalf of the entire Senate, for her many years of service.

She was born and grew up in Laramie, WY. After raising a family and having a career working as the assistant to the dean of the graduate school at the University of Wyoming, Betty came to Washington in 1977.

In her first year here, Betty was the special assistant to then newly elected Senator Malcolm Wallop, a good friend. Although she intended to stay in Washington for only 1 year, Betty spent 10 years working as an office manager and special assistant for our distinguished former colleague.

In 1987, Betty moved to the Rules Committee where she worked for me in so many important committee responsibilities, including overseeing information technology initiatives.

In 1991, Betty joined the staff of the Sergeant at Arms. There she was first the “ombudsman” for the Senate Computer Center, and then the coordinator for the consolidation of Sergeant at